

HOW MUCH CONTROL IS NECESSARY

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The manager needs to know about the important aspects of his business. He does not need to know everything that happens. An ideal management situation would be one in which only the important matters would automatically come to the attention of the manager.

It is the responsibility of each management person to establish, reorganize, and refine a system of controls that are meaningful to him and that will enable him to make the kinds of judgments required in the successful performance of his job. This means that the manager may have to take a look at his total responsibility and decide what he should and should not receive by the way of reports. He may need to scrap many existing reports. He will have been successful if he can reduce control information to a minimum and yet receive the critical information he needs.

The do-it-yourself management person eliminates himself from being a manager, for he insists upon knowing everything that happens and making decisions about even the most minor matters. The Du Pont Company did not grow and become a force in American economy until it was decided that management would be concerned only with the most important matters and would delegate the day-to-day operations to subordinates. Here are the four principles the Du Pont organization followed:

- 1) Management requires skill in application of business principles.
- 2) Constructive advances in management must be planned.
- 3) Organizational provisions must be made for sound growth.
- 4) Control should be in terms of profitable operation.

Figure 2.1 shows the Du Pont Model which has become a standard in the business world for figuring the earning power of the firm.

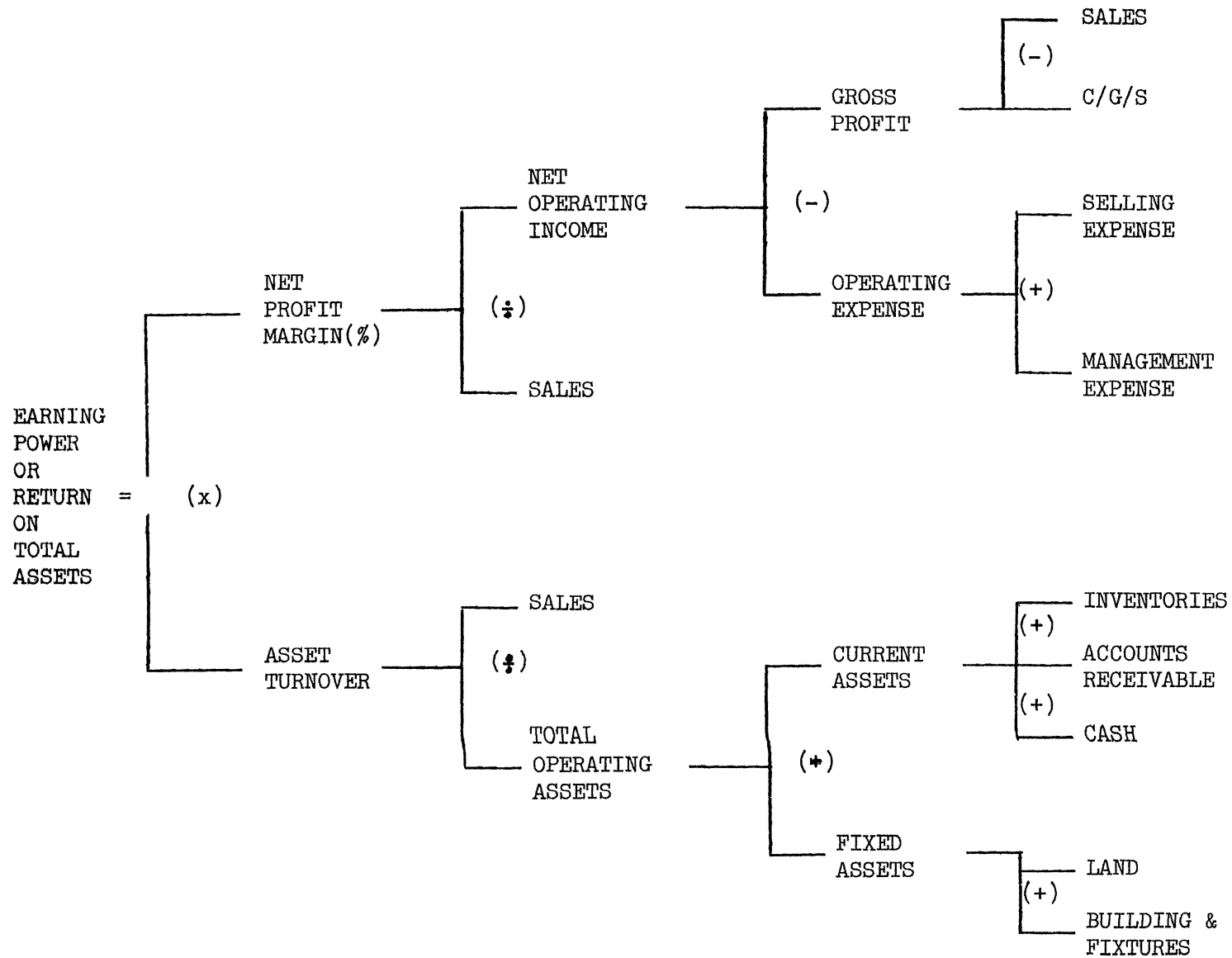
The Principle of Exception

Most control systems are too cumbersome, too loaded with detail because management feels it is better to know too much than too little about

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DUPONT MODEL
(Figure 2.1)



operations. The ideal system would eliminate those matters that are merely nice to know and would contain only the critical items needed for executive decision making.

In fact an efficient control system should lead the executive to be concerned about those conditions that are seriously out of line. Other areas of performance--even important ones--are not constantly brought to his attention. In other words, it uses the principle of exceptions. This frees the executive of worry about matters that are going satisfactorily.

Delegation and Control

The importance of delegation of duties and responsibilities is stressed constantly in discussion of the management function organization. Managers who are willing to delegate often hesitate to do so because they fear losing control of activities. Every delegation should be coupled with a control that will give assurance that the delegation is being carried out. For example, an executive dictates a letter. He feels it should be mailed at a certain time. He may never see the finished letter, for he can authorize his secretary to sign it. However, at an appropriate time he may ask if the letter has been mailed. Thus he is maintaining control over a delegated activity. The carbon copy of the letter verifies the completion of the delegated task.

This kind of reasoning can be applied to any delegation, whether it be mailing a piece of mail, selling an item, or handling an employee problem. The delegating should be:

- 1) Clearly explained
- 2) Clearly assigned
- 3) The kind of information required by the level of the executive's job.
- 4) Criteria that includes established standards or goals, critical or warning points, predetermined remedial action that will bring about desired results.
- 5) Considerations of timeliness, economy, comprehensiveness, and balance.
- 6) The principle of exceptions so that the executive will spend his time doing the kinds of things he should be doing.
- 7) The ability to delegate duties and responsibilities without losing control.